

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 10/27/2015	(3) CONTACT/PHONE Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a cash procedures and internal control review of the Veterans Services Office conducted on April 15, 2015. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the attached Veterans Services Office cash procedures and internal controls review report which contains four findings and four suggested improvements.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT?		(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor - Controller - Treasurer - Tax Collector

DATE: 10/27/2015

SUBJECT: Submittal of a cash procedures and internal control review of the Veterans Services Office conducted on April 15, 2015. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the attached Veterans Services Office cash procedures and internal controls review report which contains four findings and four suggested improvements..

DISCUSSION

In June of 2014 Treasury staff alerted the internal audits section to issues with a Veterans Services deposit and checks. Thirty-four checks were brought into the Treasury for deposit totaling \$19,450. The checks were dated January, February, March, April, and May of 2014. The Auditor-Controller and internal audit staff met with the Veterans Services Officer to discuss the late deposit and offer recommendations on how internal controls could be strengthened within the Veterans Services Office.

We advised the Veterans Services Officer to read the Auditor-Controller's Cash Handling policy, and we reviewed the requirements around issuing receipts, and timeliness and completeness of deposits. Additionally we advised that instead of using the Veterans Services Officer's American Express Card or cash payments for minor purchases, petty cash or blanket purchase orders should be used to increase accountability and monitoring.

As part of the FY 2014-15 internal audit plan, an unannounced cash count and internal control review was conducted on April 15, 2015. The internal audit division routinely performs anywhere from five to ten unannounced cash counts at various departments per year. All departments are expected to follow the guidelines in the County's Cash Handling Policy because cash handling is a high risk area, vulnerable to mistakes or misappropriation. The Auditor-Controller-Treasurer-Tax Collector (ACTTC) has developed basic policies to minimize the risk associated with use of petty cash funds as well as cash receipts. In addition, we offer training on the policy on request.

At the request of County Information Technology we have included in our test work procedures to ensure County staff are aware of the IT policies in place to minimize the risk associated with misuse of County computing assets.

The objectives of our review were to determine compliance with the County Auditor-Controller's Cash Handling Policy, to establish accountability for the cash on hand at the time of the count, and to determine compliance with the County IT Acceptable Use Policy Acknowledgement signature requirements.

While, we determined all cash funds to be in balance at the time of our count we found serious lapses in internal controls over cash and cash equivalents. Our findings include lack of separation of duties, untimely deposits, receipts not being issued for cash and checks, and no staff acknowledgement of the Information Technology Acceptable Use Policy.

We also identified four areas of improvement regarding gift card logs, storage of the county receipt books, certification of the Cash Handling Policy, and the purchase of small dollar items.

Details of the findings and suggested improvements are in the attached cash procedures and internal control review report.

OTHER AGENCY INVOLVEMENT/IMPACT

Veterans Services

FINANCIAL CONSIDERATIONS

There is no additional cost to the County for conducting unannounced cash and internal control reviews. Periodic unannounced cash and internal control reviews are a part of the ACTTC's compliance with Government Code 26881 and 26883.

RESULTS

The ACTTC's program of periodic unannounced reviews of cash procedures and other internal controls helps maintain and improve internal controls and procedures for cash handling by County staff and contributes to the County's vision of a well-governed community.

ATTACHMENTS

1. Veterans Services Cash & Internal Controls Review Report